

---

# Exhibit 2

---

## **Exhibit 2: Summary of Subset of Evidence that SAS built EFDS, not MiDAS.**

### **1) 8/8/2012 SAS's RFP (SAS001450)**

The Michigan Enterprise Fraud Detection System ("System") will be implemented initially at the Michigan Department of Human Services, but will be licensed to support fraud detection and analysis across the State. Future fraud modules may be deployed to leverage the System in programs such as: cigarette tax avoidance, Workman's Compensation Fraud, General Tax Fraud, and other social service program fraud such as TANF, Child Care, etc. The fact that this can be accomplished in a single, stable platform helps ensure that as the System expands to address statewide fraud initiatives; it will do so with reduced effort and cost while minimizing the number of false positives in fraud identification.

### **2) 12/12/12 SAS's Contract with DTMB (Dkt 61-2 at 1566)**

#### **1.100 Scope of Work and Deliverables**

##### **1.101 IN SCOPE**

This contract is for the installation and configuration of a COTS software data analytics product which analyzes data for patterns that might reveal an organized attempt to defraud the Michigan Unemployment Insurance Agency (UIA) and the DHS Food Assistance Program (FAP). The State requires a data analytics product which allows staff to query an aggregate dataset populated from multiple disparate agency data sources stored in the DTMB Data Warehouse to conduct real-time ad hoc analysis. The tools must utilize techniques that allow information to be filtered and sorted in varying levels of detail. The technology must allow end-users to conduct analysis without programming and with no advanced knowledge of the underlying data sources and structures.

**As this is a Statewide Contract, it is anticipated that additional State agencies and program areas (as well as MIDEAL participants) may utilize the fraud detection software and services in the future. This**

### **3) 3/4/2013 SAS's Press Release (Dkt 225-1)**

*CARY, NC (Mar 04, 2013)*

Michigan has selected SAS® Analytics to power its statewide fraud detection system. Using SAS Fraud Framework for Government, Michigan's Enterprise Fraud Detection System (EFDS) will first be used to fight fraud, waste and abuse in the state's unemployment insurance and food stamp programs. In the future, EFDS will help the state more easily spot fraud across all executive branch departments and programs.

4) **7/2015 – LARA Quarterly Report (SAS001184-001186)**

**Enterprise Fraud Detection System (EFDS) Project**

The purpose of the EFDS project is to implement a commercial-off-the-shelf (COTS) software solution able to provide fraud detection based on state and federal guidelines. The goals are to: reduce the percentage of public assistance benefits paid due to fraud, waste, and abuse; identify and report fraud characteristics by individuals or groups based on information derived from multiple sources; and recognize patterns in data that reveal organized attempts to defraud unemployment insurance and other public assistance systems.

Page 2

---

Department of Licensing and Regulatory Affairs  
Unemployment Insurance Agency  
Integrated System Project Quarterly Report - July 2015

A Request for Proposal (RFP) was initially released in February, 2012, and was re-released June, 2012 after requirements from the Departments of Human Services (DHS) and Community Health (DCH) were developed and incorporated into the RFP. SAS, Inc. was then selected as the vendor to provide fraud analytics and alerts for the project. The project started in January, 2013 working with the DHS Food Assistance Program (FAP) and in the final stages of User Acceptance Testing (UAT) with a deployment date of July 9, 2015. FAP and SAS have developed the basis for the analytics and alerts for the finalized fraud system.

---


5) **9/2015 – LARA Quarterly Report (same EFDS text as 7/15 LARA Quarterly Report) (SAS 001172-001174)**

■

[REDACTED]

[REDACTED]

- 7) **6/29/2016 – Michigan Department of Talent & Economic Development – PA 84 of 2015 Integrated System Project Report (same EFDS text as 7/15 LARA Quarterly Report) (SAS001569-001572 Dkt. 107-2 Hyperlinked, Dkt. 107-24, EX. C-6)**
- 8) **Plaintiffs' Complaint, (Dkt 43 at 7).**

13. Defendant FAST Enterprises, LLC, (Fast) upon information and belief, is headquartered at 7229 South Alton Way, Centennial, CO 80112, and does business with the Agency pursuant to a contract through the procurement process overseen by the Michigan DTMB.  Fast designed, created, implemented, configured, controlled and/or maintained the Michigan Integrated Data Automated System ("MiDAS") which administers unemployment insurance, including fraud investigation, overpayments, collections and tax intercepts. At all

- 9) **FAST's Answer to Plaintiffs' Amended Complaint (Dkt. 134 at 8)**

13. Answering Paragraph 13 of the First Amended Complaint, FAST admits that it is headquartered at 7229 South Alton Way, Centennial, CO 80112,

and does business with the Agency pursuant to a contract through the procurement process. FAST admits that it implemented the Agency's designs, plans, and specifications relating to MiDAS. FAST states that this Paragraph sets forth legal conclusions to which no response is required. FAST denies the balance of the allegations in this Paragraph.

**10) Moffett Massey's Answer (Dkt. 168 at 4)**

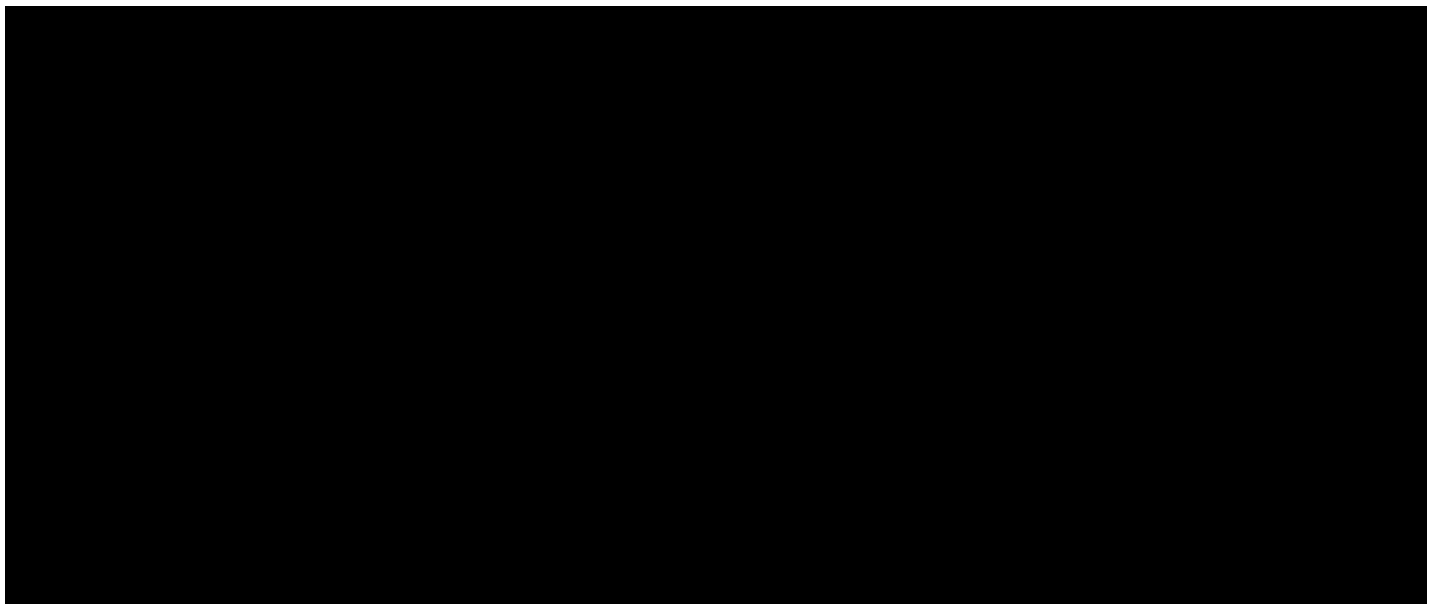
13. Based on information and belief, Defendant admits that the Agency entered into a contract with Defendant FAST concerning the MiDAS system and that contract continued while Defendant was the Agency Director. Defendant neither admits nor denies the remaining

**11) Plaintiffs' Response to SAS's Motion to Deem Responses Admitted. (Dkt. 225 at 17).**

It is undisputed that Defendant SAS designed the Electronic Fraud Detection Software ("EFDS"). The crux of Plaintiffs' due process violation allegations falls

**12) Moffett Massey's Response to SAS's RFAs. Dkt. 222-2 EX.B:**

Moffett-Massey	SAS First RFA's	1	Admit that the State contracted with FAST Enterprises Inc. to develop and license to the State the software known as MiDAS.	Admits
Moffett-Massey	SAS First RFA's	2	Admit that the State did not contract with SAS to develop or license to the State the software known as MiDAS.	Admits
Moffett-Massey	SAS First RFA's	3	Admit that the State contracted with SAS to develop and license to the State software known as EFDS.	Admits



**14) John Henige Deposition**

- SAS's programmers "delivered" and had control over the EFDS code. (Henige 23:21-24:15).
- The Agency (perhaps with CSG) developed the requirements for the EFDS project, which were included in a request for proposal for work that was awarded to SAS. (Henige 12:1-18).